



Age Marketing Award

*Finalist & Winner – Copywriting – Best Display
& Best Line Ad 2005/2006*

steady as she goes – property market

Chisholm & Gamon leads Port Philip District with a sale rate for auctions of over 90%.



*Torsten Kasper
Managing Director*

The auction level and clearance rates are at good levels, the Reserve Bank of Australia has held interest rates in July settling Melbourne's property market into solid territory after the unsustainable heady times of last year.

REIV data states there have been around 13,000 auctions to date across Melbourne of which around 69 per cent

have sold. At the same time last year there had been around 11,000 auctions with 83 per cent sold and in 2006 there had been around 9,000 auctions with 71 per cent sold.

A point of interest is the number of properties passed in on a vendor's bid. This year we have seen 22 per cent compared with 10 per cent last year. Whilst a significant variation, it is in line with 2006 when the figure was 19 per cent and 2005 when it was 21 per cent.



Property prices have settled into a strong market.



Dine with the Champions

Cathy Freeman

Michael Klim

Nick Riewoldt

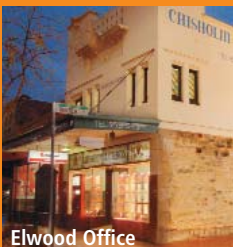
Scott McGrory

Telstra Dome
Thursday 7 August
2008

www.sacredheartmission.org

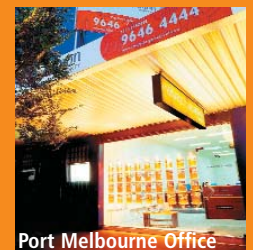
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PROPERTY

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Port Melbourne Office

evaluating investment rental properties

There are two main aspects of an investment rental property that need to be considered; yield and growth. **Yield** is the relationship between the amount paid at purchase for the investment property compared to the rental return less expenses. **Growth** is the capital value at purchase compared to the capital value at the time of evaluation or sale.

Generally, investors can be pigeonholed into three main groups in terms of their age; starting, middle and retirement. Each stage has its specific need in terms of yield and growth.

Investors in the starting stage, in their 20/30's, are working and paying tax and are best advised to go for long term growth and less for yield as any deemed loss on investment can be geared against tax paid. Investors in the middle stage, usually in their 40/50's, generally require a combination of yield and growth while those in the retirement bracket 60/70's tend to require yield in the form of cash flow.

Growth, usually calculated as a percentage, is the increase in the capital value of the property each year.

Yield – calculate all the known costs and charges for the property including current interest rate costs on the whole purchase amount including stamp duty, transfer fees and conveyancing etc. Add outgoing costs such as body corporate fees, agent letting fees and

commissions, insurance and water charges plus an allowance for maintenance and repairs (say for a two bedroom apartment in good order allow \$2,000 pa). Now calculate the revenue available on the property being rent less an allowance for vacancy rate. The average vacancy rate for apartments and houses in Melbourne currently is less than 2%.

You now have a figure that represents the net cost of owning the property in the first year of ownership. You should also give thought to the projected increase in rent... ask an experienced property manager for this insight.

Negative gearing – any net loss declared on an investment can be claimed against your income, reducing declared income and tax paid.

Growth – ask the agent selling the prospective property to provide you with data showing the growth of the suburb for at least the last 10 years. Data companies, which most agents' subscribe to, can provide up to 30 years statistics on most Melbourne areas. Over the last 30 years Melbourne average house prices have grown by 8% pa compounded.

Once you have both the yield and growth projections you can generally compare one property against another for investment.

This is what an investment spreadsheet might look like:

1 – purchase price	\$300k
2 – stamp duty	\$11,370
3 – conveyancing and legal	\$1,000
4 – interest 9%	\$28,113
5 – net revenue	\$14,610pa
6 – negative gearing benefit	\$6,136pa
7 – out of pocket pa	\$8,473pa
8 – capital growth pa*	\$21Kpa
9 – balance from out of pocket plus capital growth	+\$12,527pa

*based on 7% compounding growth

For every prospective property complete this table, as best you can, you will get a general insight into which properties are likely to be better performers and which best suit your requirements.

bye-bye gazumping



At the fall of the hammer, the property is yours.

As of June 30, 2008 all public real estate auctions conducted in Victoria will be bound by a new law which prohibits gazumping or bids accepted after the fall of the hammer.

In order to instill confidence by bidders in the auction process and to protect successful bidders, the law prohibits any further bids being entertained or accepted after the fall of the hammer at auction.

Agents are required to display the new rules at every auction site for at least 30 minutes before the auction begins.

In addition to displaying the new rules, before an auctioneer calls for bids he or she must announce to bidders that the rules of the auction prohibit the auctioneer from accepting bids or offers after the property has been knocked down to the successful bidder.

company milestones



Congratulations to Rosalie Andrew, a valued staff member with Chisholm & Gamon for 7 years. Rosalie has excelled as a property manager and more recently she has taken on a role as an accounts department specialist where her wealth of experience, knowledge and attention to detail support the success of the business.



No two investment properties are the same.